

Representative Jack McFarland
Chairman



Representative Jason Hughes
Vice Chairman

Fiscal Year 2025 Executive Budget Review
LOUISIANA STATE UNIVERSITY HEALTH SCIENCE CENTER
HEALTH CARE SERVICES DIVISION

House Committee on Appropriations
House Fiscal Division

March 13, 2024

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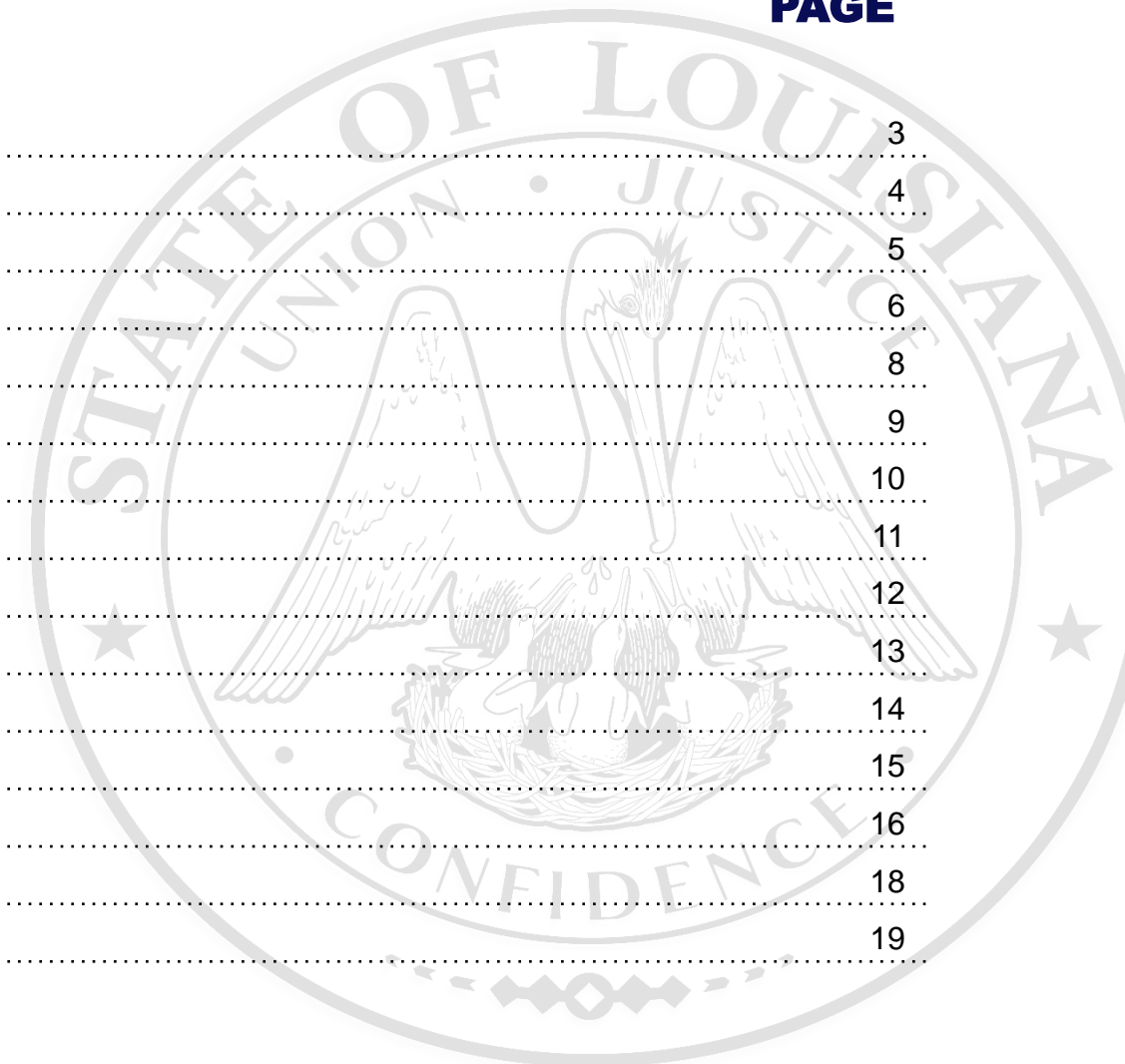
All data and figures were obtained from the governor's Fiscal Year 2024-2025 Executive Budget and Supporting Documents provided by the Office of Planning and Budget within the Division of Administration along with House Bill 1 of the 2024 Regular Session, unless otherwise noted.

<https://www.doa.la.gov/doa/opb/budget-documents/>

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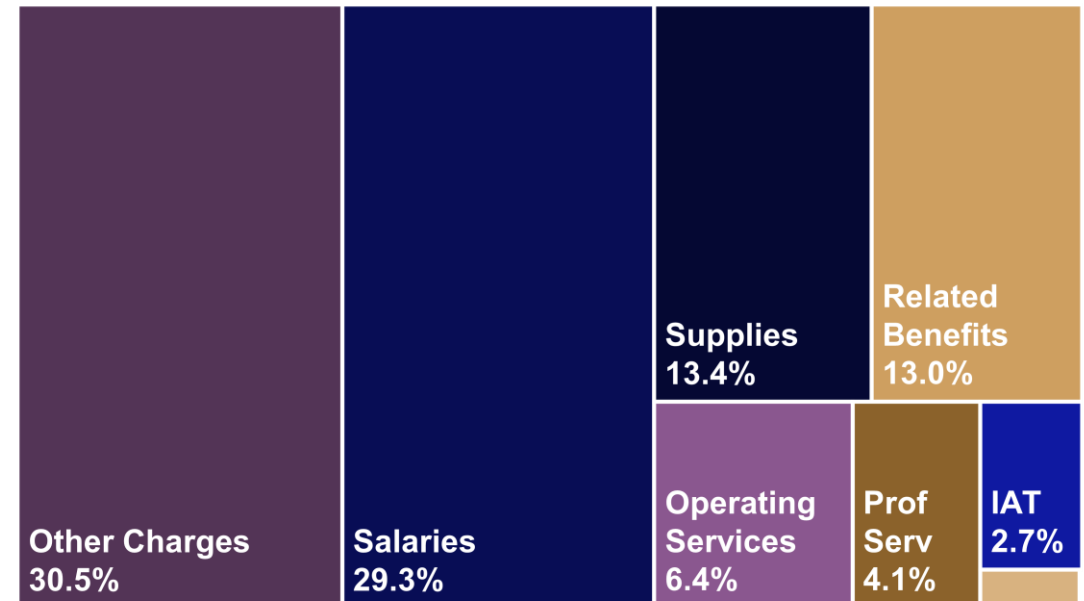
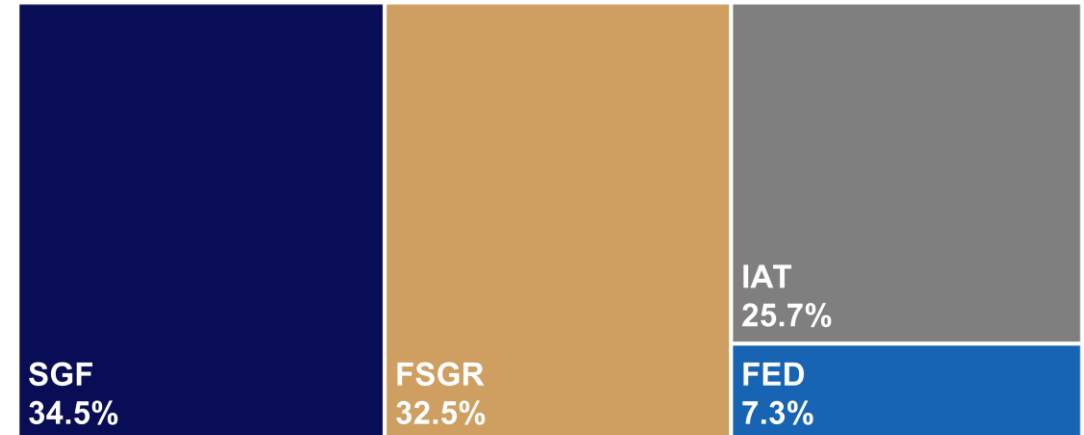


FY 25 BUDGET RECOMMENDATION

Total Funding = \$72,506,884

Means of Finance		
State General Fund	\$	25,004,833
Interagency Transfers		18,603,701
Fees & Self-generated		23,575,560
Statutory Dedications		0
Federal Funds		5,322,790
Total	\$	72,506,884

Expenditure Category		
Salaries	\$	21,241,159
Other Compensation		0
Related Benefits		9,436,361
Travel		12,291
Operating Services		4,620,831
Supplies		9,744,598
Professional Services		2,973,309
Other Charges		22,119,231
Interagency Transfers		1,927,356
Acquisitions and Major Repairs		431,748
Total	\$	72,506,884



DEPARTMENT ORGANIZATION



LSU – Health Care Services Division

The LSU-Health Care Services Division (HCSD) serves as the governing body for Lallie Kemp Medical Center located in Independence, LA. HCSD is also responsible for providing legacy obligations associated with the six former LSU hospitals.

State Legacy Obligations

- Medical records management
- FEMA closeout
- Cost Report settlements
- Mal practice lawsuits
- Retiree group insurance
- Risk management insurance
- Legal fees associated with the partnerships
- IT system management
- Overhead cost allocated to the management of the state obligations

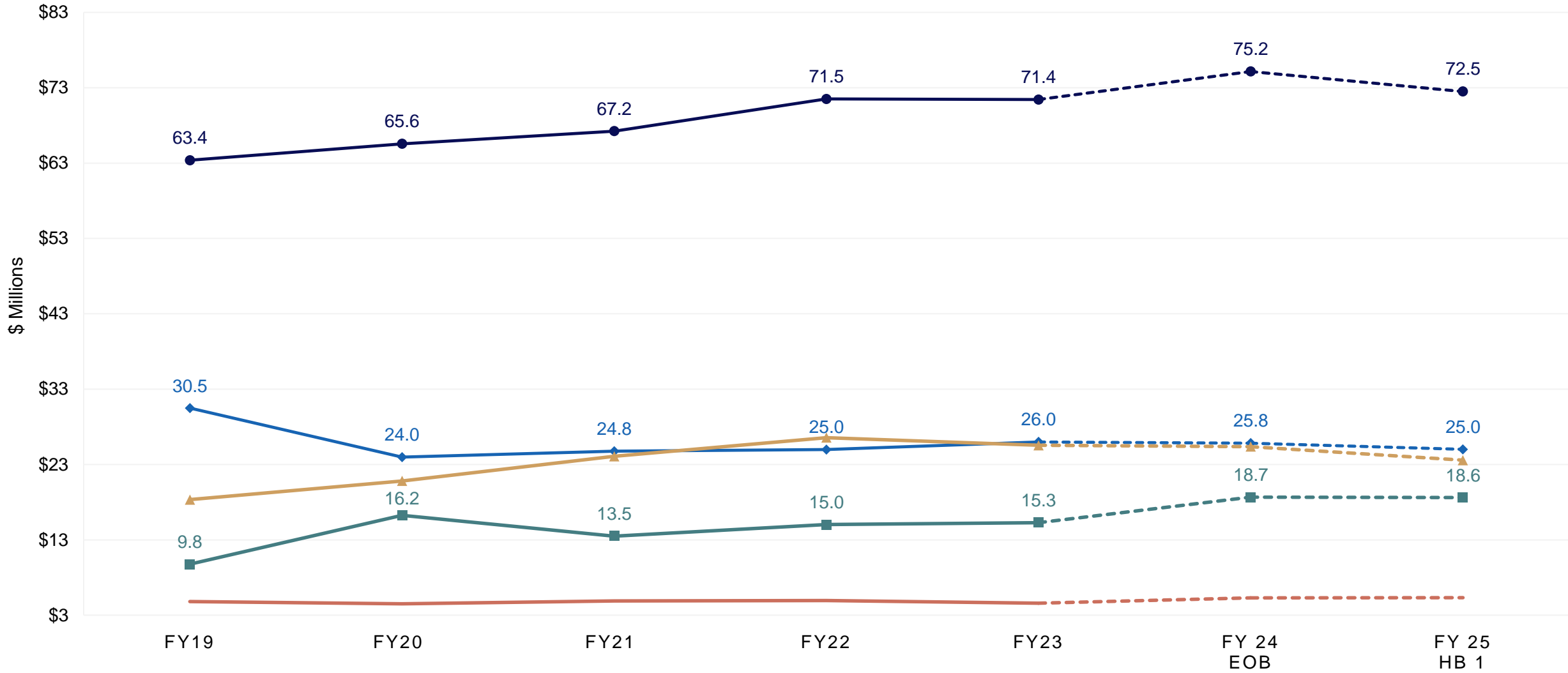
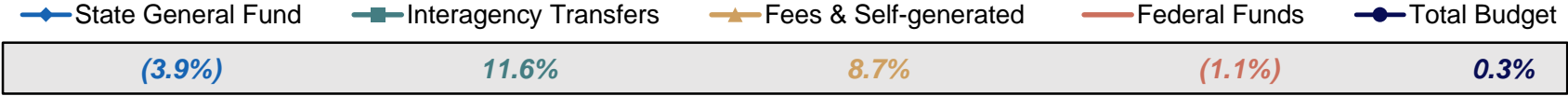
Lallie Kemp Regional Medical Center

- Rural 24 bed acute care critical access hospital serving the Florida Parish region of Southeast Louisiana
- Provides acute care hospital services including inpatient, outpatient, emergency, surgery, and ancillary support services
- Serves as the Medical Home for its patients
- Provides offender care for the Department of Corrections
- Provides specialty care including oncology, cardiology, and woman's health
- Support functions which include pharmacy, blood bank, repertory therapy, and various diagnostic services

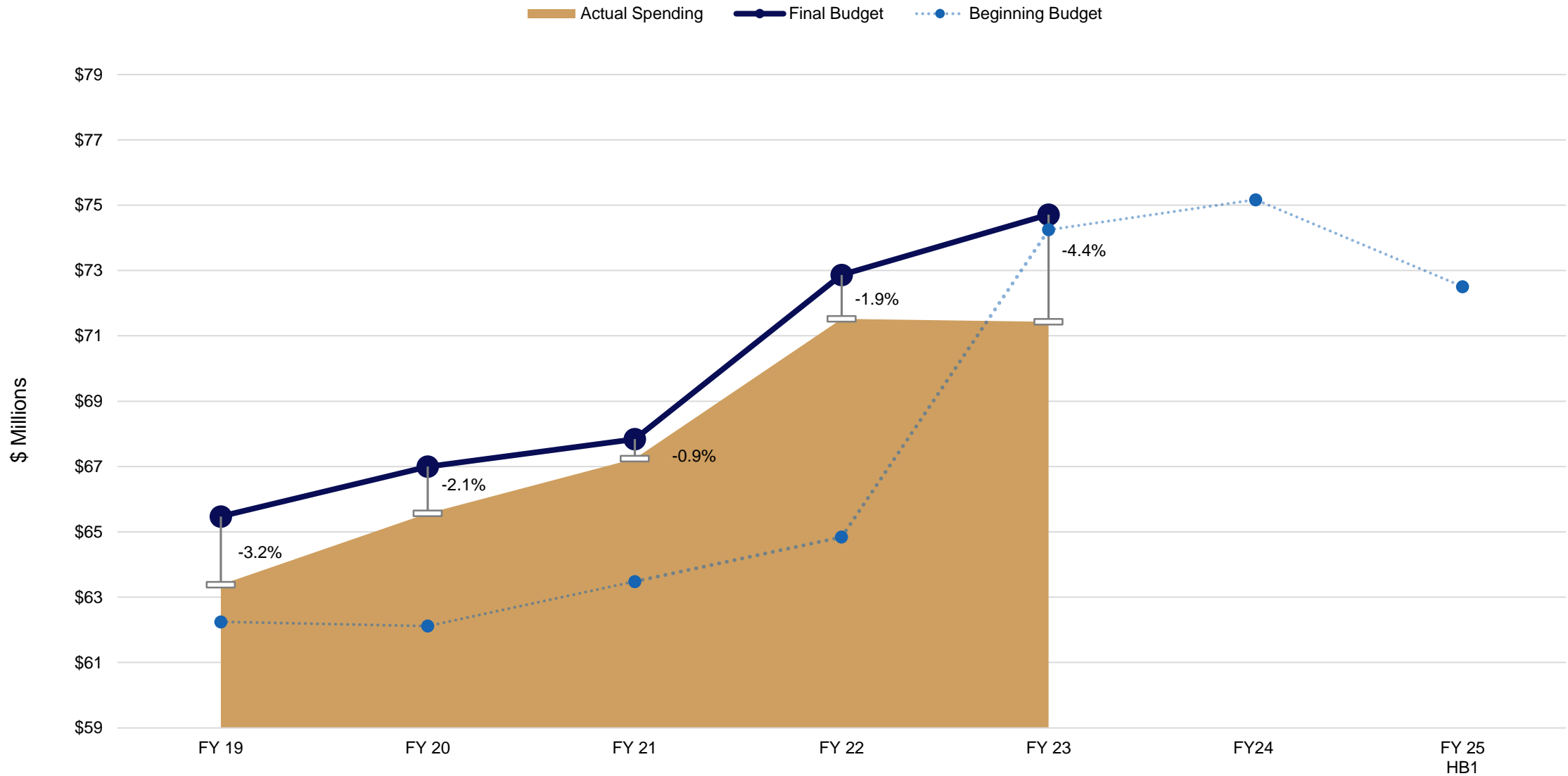


HISTORICAL SPENDING

Annual Average Spending
Change from FY 19 to 23:



HISTORICAL BUDGET



Note: additional information can be found under the general department section

SOURCES OF FUNDING

State General Fund \$25 M	Interagency Transfers \$18.6 M	Self-generated Revenue \$23.6 M	Federal Funds \$5.3 M
<p>The chief operating fund of the State recognized by the Revenue Estimating Conference from various taxes, licenses, fees, and other revenue sources except for those identified as other means of financing</p>	<ul style="list-style-type: none"> • Medicaid claims • Uncompensated Care Costs (UCC) reimbursements from the Louisiana Department of Health • Prisoner care costs from the Department of Corrections 	<p>Collections from insurance proceeds</p>	<p>Medicare collections</p>

FUNDING COMPARISON

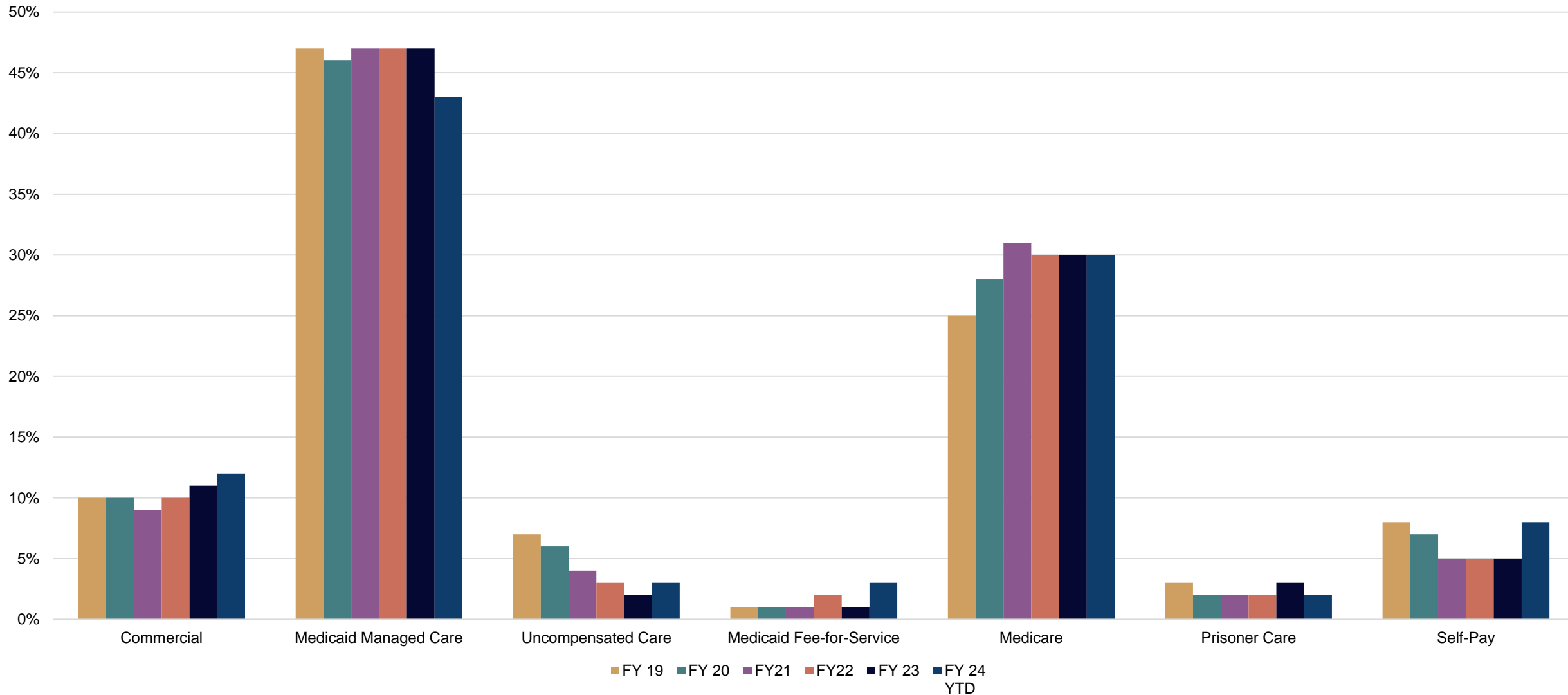
Means of Finance	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
SGF	\$ 25,996,281	\$ 25,829,112	\$ 25,004,833	\$ (824,279)	(3.2%)	\$ (991,448)	(3.8%)
IAT	15,284,109	18,660,587	18,603,701	(56,886)	(0.3%)	3,319,592	21.7%
FSGR	25,556,672	25,378,952	23,575,560	(1,803,392)	(7.1%)	(1,981,112)	(7.8%)
Stat Ded	0	0	0	0	0.0%	0	0.0%
Federal	4,592,363	5,297,458	5,322,790	25,332	0.5%	730,427	15.9%
Total	\$ 71,429,425	\$ 75,166,109	\$ 72,506,884	\$ (2,659,225)	(3.5%)	\$ 1,077,459	1.5%

Significant funding changes compared to the FY 24 Existing Operating Budget

State General Fund	Interagency Transfers	Fees & Self-generated	Federal Funds
<p>(\$824,279) decrease primarily due to:</p> <ul style="list-style-type: none"> \$55,724 group insurance \$68,706 employee pay raises (\$101,631) retirement adjustment (\$849,315) Office of Risk Management due to coverage ending at UMC 	<p>(\$56,886) decrease primarily due to:</p> <ul style="list-style-type: none"> \$259,557 employee pay raises \$210,512 group insurance (\$143,017) Office of Risk Management due to coverage ending at UMC (\$383,938) retirement rate adjustment 	<p>(\$1.8 M) net decrease due to items such as:</p> <ul style="list-style-type: none"> \$358,801 employee pay raises \$291,002 group insurance (\$530,738) retirement adjustment (\$1.9 M) Office of Risk Management due to coverage ending at UMC 	<p>\$25,332 increase primarily due to:</p> <ul style="list-style-type: none"> \$76,341 employee pay raises \$61,914 group insurance (\$112,923) retirement adjustment

HISTORICAL PAYER MIX

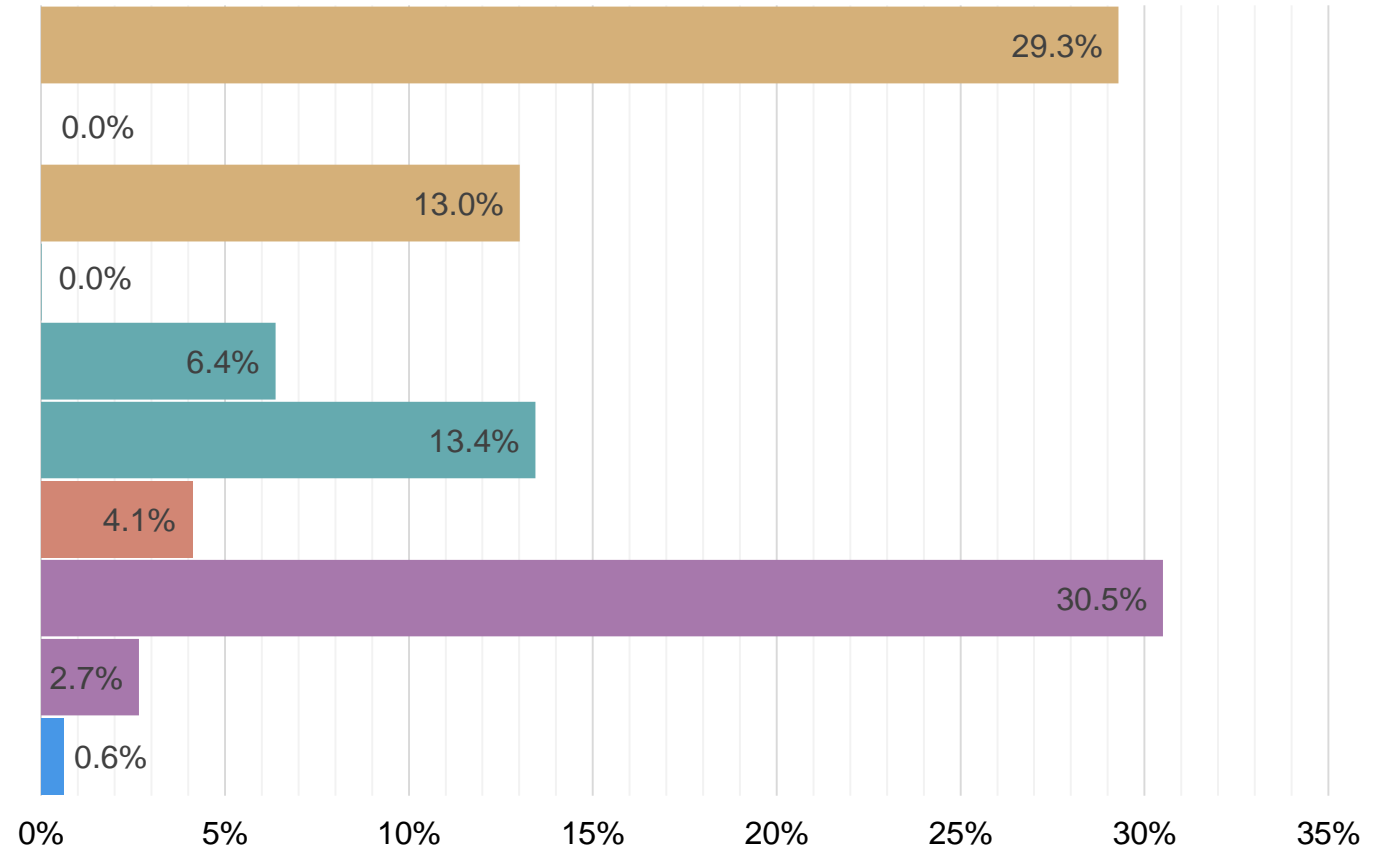
Percentage of Revenue Charges at Lallie Kemp



EXPENDITURE RECOMMENDATION FY 25

Total Budget = \$72,506,884

Expenditure Category		
Salaries	\$	21,241,159
Other Compensation		0
Related Benefits		9,436,361
Travel		12,291
Operating Services		4,620,831
Supplies		9,744,598
Professional Services		2,973,309
Other Charges		22,119,231
Interagency Transfers		1,927,356
Acquisitions/Repairs		431,748
Total	\$	72,506,884



EXPENDITURE COMPARISON

Expenditure Category	FY 23 Actual Expenditures	FY 24 Existing Operating Budget 12/1/23	FY 25 HB1 Budget	Change Existing Operating Budget to HB1		Change Actual Expenditures to HB1	
Salaries	\$ 19,455,674	\$ 20,750,602	\$ 21,241,159	\$ 490,557	2.4%	\$ 1,785,485	9.2%
Other Compensation	0	0	0	0	0.0%	0	0.0%
Related Benefits	8,952,439	9,673,591	9,436,361	(237,230)	(2.5%)	483,922	5.4%
Travel	1,450	12,291	12,291	0	0.0%	10,841	747.7%
Operating Services	4,942,559	4,620,831	4,620,831	0	0.0%	(321,728)	(6.5%)
Supplies	10,013,902	9,744,598	9,744,598	0	0.0%	(269,304)	(2.7%)
Professional Services	3,524,244	2,973,309	2,973,309	0	0.0%	(550,935)	(15.6%)
Other Charges	21,255,059	22,119,231	22,119,231	0	0.0%	864,172	4.1%
Interagency Transfers	3,051,026	4,839,908	1,927,356	(2,912,552)	(60.2%)	(1,123,670)	(36.8%)
Acquisitions/Repairs	233,072	431,748	431,748	0	0.0%	198,676	85.2%
Total	\$ 71,429,425	\$ 75,166,109	\$ 72,506,884	\$ (2,659,225)	(3.5%)	\$ 1,077,459	1.5%

Significant funding changes compared to the FY 24 Existing Operating Budget

Personnel Services	Other Charges
<p>\$253,327 net increase due to:</p> <ul style="list-style-type: none"> \$763,405 employee pay raises \$619,152 group insurance adjustment (\$1.3 M) retirement rate adjustment 	<p>(\$2.9 M) decrease in the amount due to the Office of Risk Management due to the coverage ending at UMC</p>

HCS D LEGACY COST

Expenditure	FY 20	FY 21	FY 22	FY 23	Projected FY 24	Projected FY 25
Retirees Group Insurance	\$17,420,314	\$17,243,775	\$15,929,076	\$14,916,060	\$14,345,926	\$15,026,089
Administration of Legacy Costs - Personnel	\$2,819,068	\$2,469,282	\$3,022,087	\$1,898,719	\$1,951,358	\$1,990,385
Administration of Legacy Costs	\$563,814	\$493,856	\$604,417	\$379,744	\$390,272	\$398,077
IT Systems Management	\$680,270	\$530,543	\$382,548	\$383,475	\$389,540	\$395,767
Demolition of McDonogh 11 Bldg	\$0	\$0	\$205,042	\$0	\$75,954	\$0
340 B Settlement	\$0	\$0	\$102,495	\$0	\$0	\$0
Miscellaneous (ORM, records maintenance, legal)	\$131,325	\$320,714	\$264,806	\$252,874	\$277,101	\$245,826
Total	\$21,614,791	\$21,058,170	\$20,510,471	\$17,830,873	\$17,430,149	\$18,056,144
<i>SGF Budgeted for Expenditure</i>	\$19,803,163	\$20,304,971	\$20,510,471	\$21,136,542	\$21,136,542	\$18,056,144
Unbudgeted Amount Spent to Cover the Remaining Legacy Costs	\$2,522,156	\$1,811,628	\$753,199	(\$3,305,669)	(\$3,706,393)	\$0

LSU Health Care Services Division requested \$2.5 M for settlement cost of GOHSEP liabilities from Hurricane Katrina for the Medical Center of Louisiana at New Orleans (MCLNO). However, the request is unfunded at this time.

OTHER CHARGES / INTERAGENCY TRANSFERS

Other Charges

Amount	Description
\$ 22,119,231	HCSD retiree group benefits, medical services provided by LSU Health Science Center and other miscellaneous expenses
\$ 22,119,231	Total Other Charges

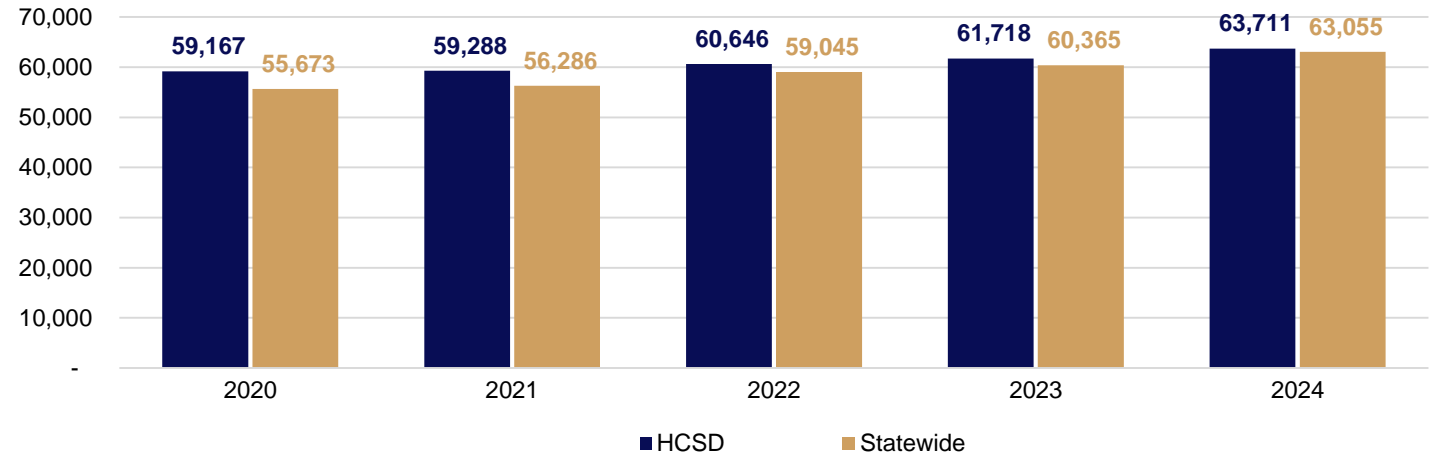
Interagency Transfers

Amount	Description
\$ 1,108,092	Office of Risk Management
544,063	HCSD main office transfers to other agencies
186,414	Legislative Auditor Fees
84,898	Civil Service Fees
3,889	Office of State Procurement
\$ 1,927,356	Total Interagency Transfers

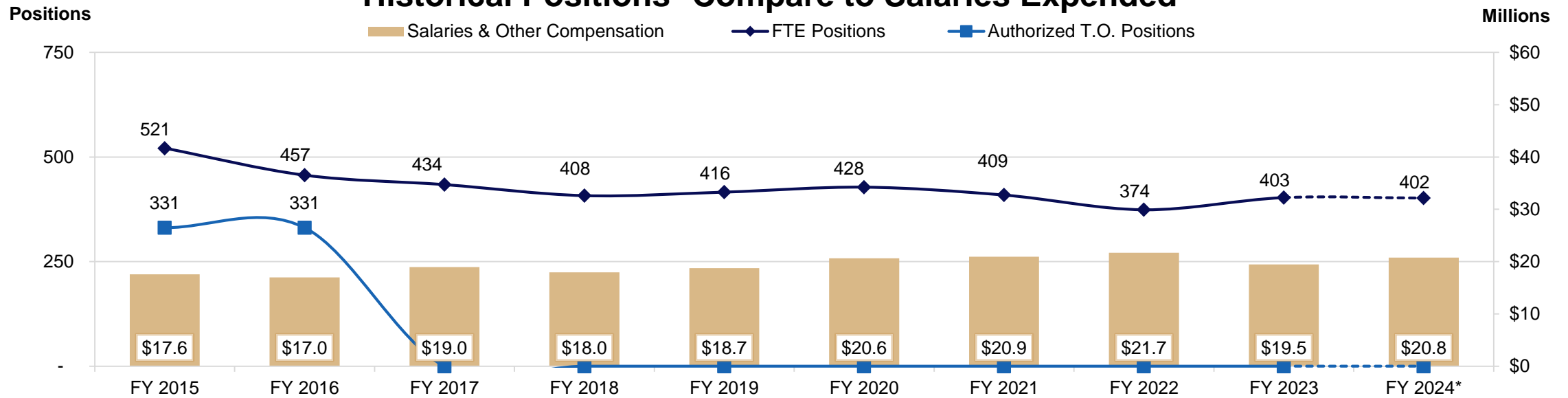
PERSONNEL INFORMATION

After the transfer of hospitals to private partners, Health Care Services Division's authorized T.O. positions in FY14 only included Lallie Kemp Regional Medical Center. In FY17 HCSD along with Higher Education's authorized T.O. positions were removed from the General Appropriations Bill.

Historical Average Salary



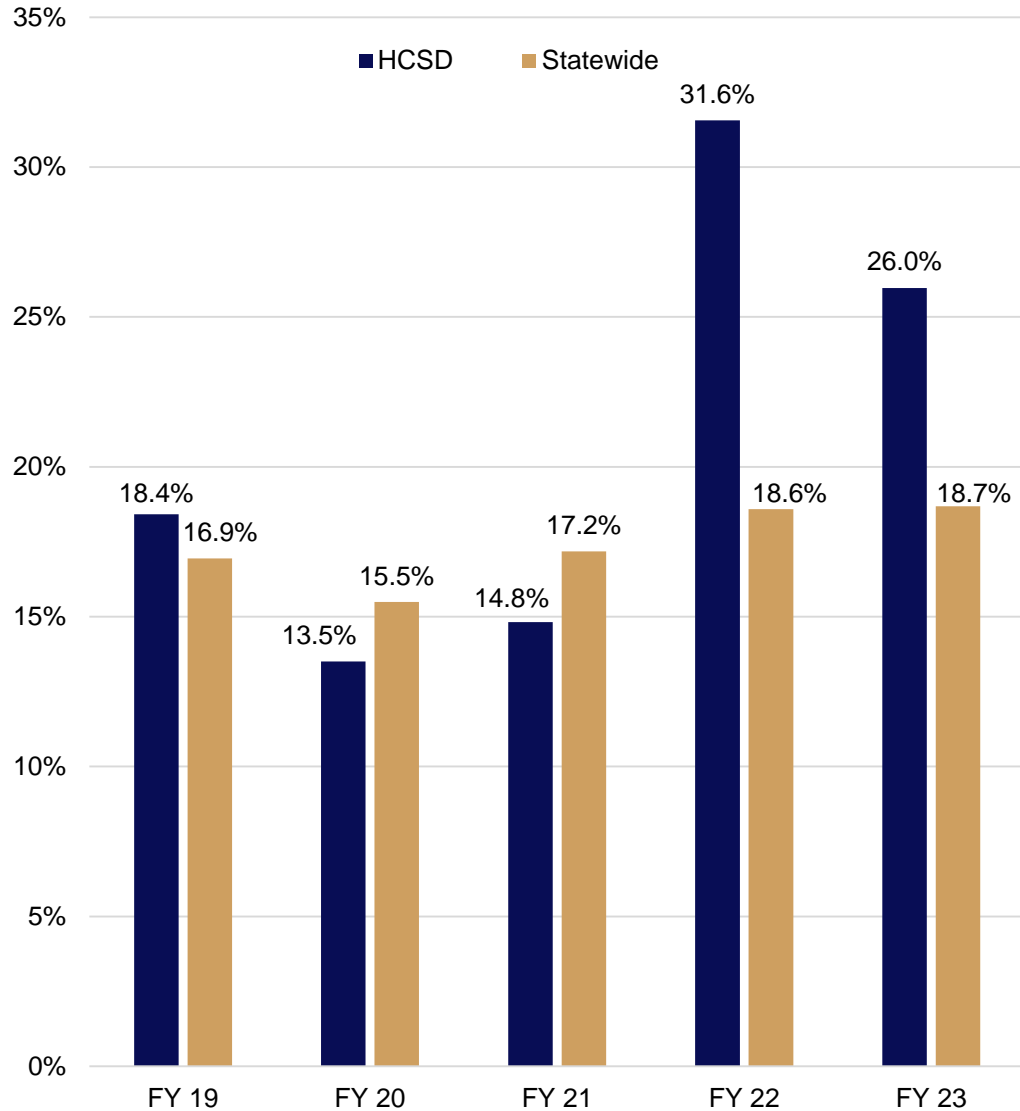
Historical Positions¹ Compare to Salaries Expended



¹ FTE Source: Dept. of Civil Service Weekly Report on State Employment

* Existing Operating Budget on 12/1/23

TURNOVER HISTORY






Top Positions Vacated FY 2023

Position	Number of Employees	Separations	Turnover Rate
Registered Nurse 3	32	9	28.1%
Registered Nurse 2	7	7	100.0%
Phlebotomist 2	5	5	100.0%
Custodian 2	15	4	26.7%
Med Assistant	13	4	30.8%

Source: Department of Civil Service Turnover Statistics

PERFORMANCE INFORMATION

Metric	2015	2016	2017	2018	2019	2020	2021	2022	2023		
 9-Year Trend (74%)	Hospital Admissions	907	778	624	599	499	461	433	336	235	FY 22 to FY 23 (30%)
 9-Year Trend (18.1%)	Number of Clinic Visits	34,120	38,792	34,283	35,272	34,446	27,432	26,251	28,917	27,928	FY 22 to FY 23 (3%)
 9-Year Trend (28%)	Number of Emergency Department Visits	28,213	26,881	24,924	22,761	21,581	19,581	17,664	19,567	17,599	FY 22 to FY 23 (10%)
	Overall Patient Satisfaction Survey Rating	83%	74%	85%	94%	69%	80%	87%	80%	100%	
	Willingness to Recommend Hospital	85%	77%	81%	88%	88%	93%	93%	87%	100%	

DEPARTMENT CONTACTS



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General Department Information

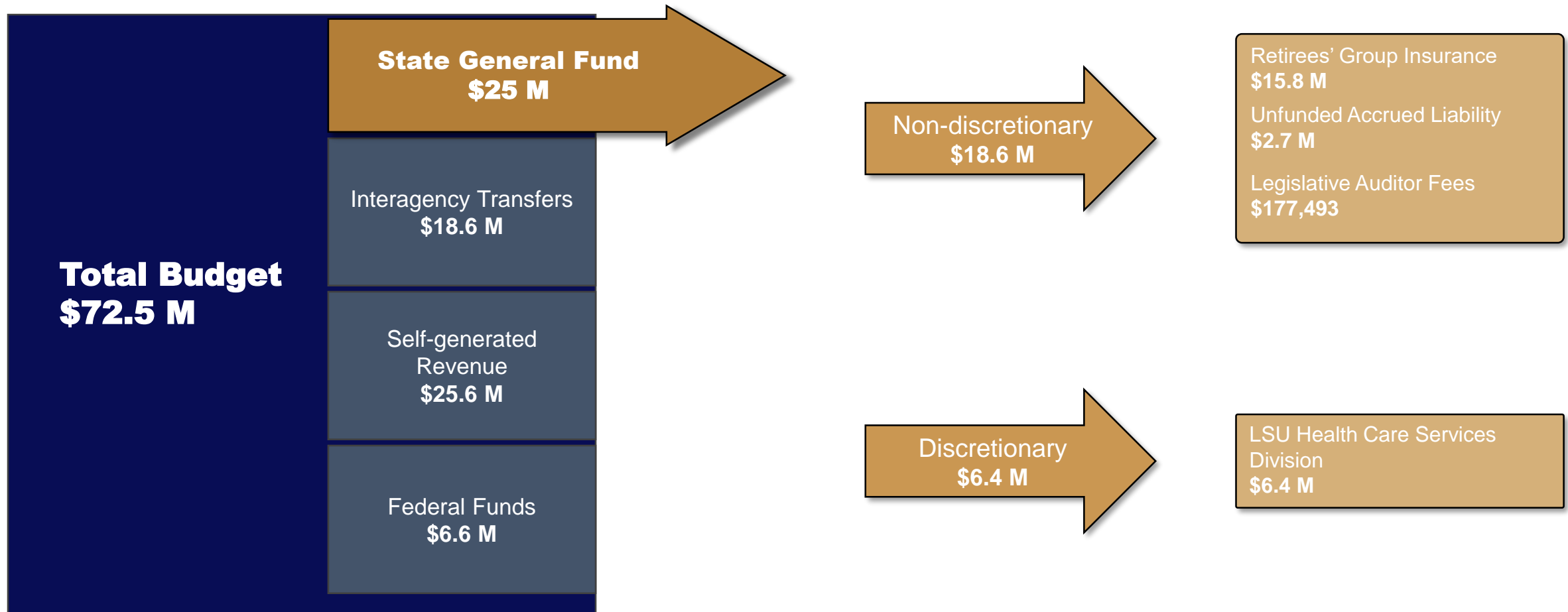
EXISTING OPERATING BUDGET FY 24

The FY 2023-24 Existing Operating Budget (EOB) was frozen on December 1, 2023. This point-in-time reference is used in both the Executive Budget and the General Appropriations Bill.

Means of Finance	Appropriation	Mid-Year Adjustments	Existing Operating Budget
General Fund	\$ 25,829,112	\$ 0	\$ 25,829,112
Interagency Transfers	18,660,587	0	18,660,587
Self-generated Revenue	25,378,952	0	25,378,952
Statutory Dedications	0	0	0
Federal	5,297,458	0	5,297,458
Total	\$ 75,166,109	\$ 0	\$ 75,166,109

<i>Mid-year Adjustments Summary</i>				
July	August	September	October	November
No change	No change	No change	No change	No change

DISCRETIONARY EXPENSES FY 25



Figures may not add precisely due to rounding